

**ASSEMBLY BILL**

**No. 2488**

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**Introduced by Assembly Member Houston**

February 21, 2008

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An act to add and repeal Sections 17277 and 24349.5 of the Revenue and Taxation Code, relating to taxation, to take effect immediately, tax levy.

LEGISLATIVE COUNSEL'S DIGEST

AB 2488, as introduced, Houston. Income and corporation taxes: deductions: depreciation.

The Personal Income Tax Law and the Corporation Tax Law authorize various deductions used to compute the taxes imposed by those laws.

This bill would, for taxable years beginning on or after January 1, 2008, and before January 1, 2013, allow a taxpayer to take a deduction for depreciation, with respect to specified qualified capital expenditures that reduce greenhouse gas emissions and specified qualified capital investments for renewable energy, over a 3-year period, as provided.

This bill would take effect immediately as a tax levy.

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

- 1 SECTION 1. Section 17277 is added to the Revenue and
- 2 Taxation Code, to read:
- 3 17277. (a) For each taxable year beginning on or after January
- 4 1, 2008, and before January 1, 2013, in lieu of any other method
- 5 of depreciation allowed by this part, in the case of any qualified

1 capital expenditures and any qualified capital investments, a  
2 taxpayer may elect to take a deduction for depreciation for the  
3 entire amount of these expenditures and investments in three years,  
4 commencing with the year the expenditures and investments are  
5 paid or incurred and each of the two subsequent years, using the  
6 straight line method of depreciation.

7 (b) For purposes of this section:

8 (1) “Qualified capital expenditures” means an engine, boiler,  
9 generator, or other tangible personal property, that measurably  
10 reduces greenhouse gas emissions from a qualified facility.

11 (2) “Qualified capital investments” means equipment used to  
12 produce, generate, or store renewable energy from biomass, solar,  
13 wind, and hydrogen sources.

14 (3) “Qualified facility” means both of the following:

15 (A) An existing facility of the taxpayer.

16 (B) The expansion of an existing facility of the taxpayer, in the  
17 same location as, or adjacent to, an existing facility of the taxpayer.

18 (c) No deduction shall be allowed under this section unless the  
19 taxpayer is in compliance with any requirements and limitations  
20 relating to statewide greenhouse gas emission levels imposed  
21 pursuant to Division 25.5 (commencing with Section 38500) of  
22 the Health and Safety Code, including any rules and regulations  
23 promulgated thereunder.

24 (d) This section shall remain in effect until December 1, 2013,  
25 and as of that date, is repealed.

26 SEC. 2. Section 24349.5 is added to the Revenue and Taxation  
27 Code, to read:

28 24349.5. (a) For each taxable year beginning on or after  
29 January 1, 2008, and before January 1, 2013, in lieu of any other  
30 method of depreciation allowed by this part, in the case of any  
31 qualified capital expenditures and any qualified capital investments,  
32 a taxpayer may elect to take a deduction for depreciation for the  
33 entire amount of these expenditures and investments in three years,  
34 commencing with the year the expenditures and investments are  
35 paid or incurred and each of the two subsequent years, using the  
36 straight line method of depreciation.

37 (b) For purposes of this section:

38 (1) “Qualified capital expenditures” means an engine, boiler,  
39 generator, or other tangible personal property that measurably  
40 reduces greenhouse gas emissions from a qualified facility.

1 (2) “Qualified capital investments” means equipment used to  
2 produce, generate, or store renewable energy from biomass, solar,  
3 wind, and hydrogen sources.

4 (3) “Qualified facility” means both of the following:

5 (A) An existing facility of the taxpayer.

6 (B) The expansion of an existing facility of the taxpayer, in the  
7 same location as, or adjacent to, an existing facility of the taxpayer.

8 (c) No deduction shall be allowed under this section unless the  
9 taxpayer is in compliance with any requirements and limitations  
10 relating to statewide greenhouse gas emission levels imposed  
11 pursuant to Division 25.5 (commencing with Section 38500) of  
12 the Health and Safety Code, including any rules and regulations  
13 promulgated thereunder.

14 (d) This section shall remain in effect until December 1, 2013,  
15 and as of that date, is repealed.

16 SEC. 3. This act provides for a tax levy within the meaning of  
17 Article IV of the Constitution and shall go into immediate effect.